09/19/06
DED- Agricultural Services Division

TDR Receiving Capacity Deficiency

The Transfer of Development Rights (TDR) Program is unique among the farmland preservation tools available to the County because it represents a private-sector investment in farmland preservation and the rural economy. The program allows developers to increase density in designated receiving areas outside the Agricultural Reserve through the purchase of Transferable Development Rights from farmers. For every unit of density transferred into a designated receiving area, one development right is extinguished on a corresponding farm parcel. Developers purchasing TDRs provide income to the farmer that is often used for purchasing additional farmland, farm equipment, or estate planning.

The purpose of the TDR program is to compensate farmers for the land equity they lost through the down-zoning that created the Agricultural Reserve. The full potential of this program has been realized only once in its 25-year history because of a general imbalance between sending capacity and receiving capacity. Although more than 8,000 TDRs have been sold and used in receiving areas, there are still more TDRs in the sending area than there is receiving capacity to absorb them. TDR receiving areas have consistently been planned at a 1:1 ratio in which every TDR sold from the sending area is used in a corresponding TDR site. Realistically, a receiving capacity ratio of 2:1, or two receiving sites for every one TDR in the sending area, is needed to counteract the problem of diminished receiving capacity. Receiving capacity at a given site can diminish through environmental regulation, landscape suitability, economic constraints or lack of use by the developer. Diminished receiving capacity depresses the demand for and market value of TDRs, and generally conflicts with the legislative intent of the TDR program.

The following charts illustrate TDR receiving capacity deficiency from 1988 through 2005, and the price per TDR from 1985 through 2006. The predicted price drop for FY07 is a result of the building moratorium in Clarksburg.

TDR Receiving Capacity Deficiency, 1988-2005

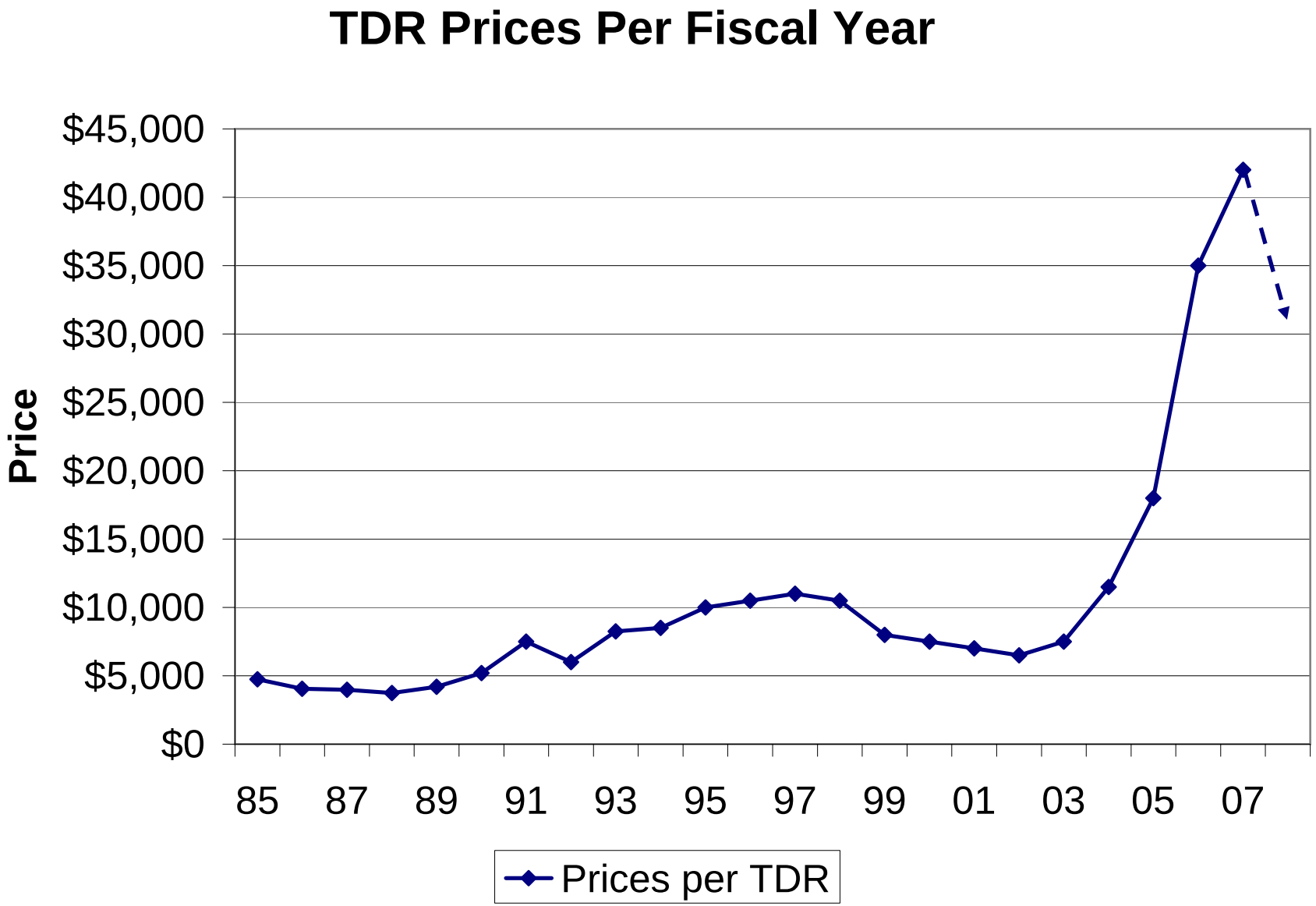
	1988	1992	1997	1999	2005	Gross Acres Calculation (Method 1)		Parcel File Calculation (Method 2)		
Theoretical Maximum	17626	18318	19297	19297		15928		15009		
minus protected/public properties	5523	6021	6889	6889		-5920		-4620		
= Actual Sending Area Capacity	12103	12297	12408	12408	10199	10008	(+)	10389	(/2) =	10199
minus TDRs on approved subdivision plans	3391	5359*	5972	5972	8077					
= Sending Area & Floating TDRs	8712	6938	6436	6436	2122					
Maximum Receiving Area Capacity	11121	11650	14427	14427	15336					
minus loss through development activity other than TDRs	2245	2449	3588	3727	5213					
= Actual Available Receiving Area Capacity	8876	9201	10839	10700	10123					
percent loss	20%	21%	29%	38%	34%					
Actual Available Receiving Area Capacity	8876	9201	10839	10700	10123					
minus TDRs on approved subdivision plans	3391	5359*	5972	5972	8077					
= Receiving Areas available	5412	3842	4867	4728	2046					
Sending Area & Floating TDRs	8712	6938	6436	6436	2122	2005 Diminished Capacity at Varying Use Rates				
minus Receiving Areas available	5412	3842	4867	4728	2046	2046		2046		2046
= Receiving capacity needed at 1:1 ratio	3300	3096	1569	1708	76	x 40%		x 50%		x 60%
						818		1023		1228
MNCPPC Reported Available TDRs	8069	6938	3298^	4332^	3443^					
MNCPPC Reported Receiving Capacity	4501	3842	4867	4728	3052	2122		2122		2122
						-818		-1023		-1228
				Future Receiving Capacity Needed =		1304		1099		894

*approved & pending approval

^ Subtract 20% of reported number to account for development in RDT zone

Notable Events:

1. 1983: Limited Receiving Sites in Olney
2. 1987 TDR Lawsuit: Removal of Olney Pilot Program and start of Countywide TDR program
3. 1995: Clarksburg Master Plan creates 2,000 acres of RDT zone requiring 400 TDRs
4. 1998 MET Lawsuit requires 420 TDRs


TDR Prices Per Fiscal Year
Price
$45,000
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
85
87
89
91
93
95
97
99
01
03
05
07
Prices per TDR